

Iowa Bankers Association
Regulation Z, Truth in Lending (Docket No. R-1406)

On June 16, 2011, members of the Iowa Bankers Association met with Federal Reserve staff to discuss the Board's proposed rulemaking on escrow account requirements for certain home mortgage loans. The Association submitted written comments, which are provided below.

- A mandate of the Dodd-Frank Act was to evaluate existing regulations and to ensure that new proposals and revisions are issued so as to avoid duplication or unnecessary disclosures. Yet proposals continue to be issued that only add to the 60+ pages of disclosures, contracts and notices that are provided to a consumer at a residential real estate closing. Case in point, a recent proposal by the Fed requires home borrowers be provided with an additional disclosure prior to closing that explains the purpose and value of an escrow account and provides information related to the amount that will be deposited into the escrow account at the time of closing, as well as the amount that will be paid on a monthly basis into the escrow account. Home buyers already receive basic information related to their escrow accounts within three days of application via the Good Faith Estimate as well as information related to the amount to be deposited in the account and monthly payments via the initial escrow statement provided at closing. This additional disclosure requirement is clearly duplicative. Rather than provide yet another redundant disclosure to the overwhelmed home buyer, the Board should consider revising disclosures already in place to either include additional information they believe pertinent or rescind and replace current escrow disclosures with the revised notices.